

VZCZCXRO0174
OO RUEHCI
DE RUEHKA #0645/01 1681030
ZNR UUUUU ZZH
O 161030Z JUN 08
FM AMEMBASSY DHAKA
TO RUEHC/SECSTATE WASHDC IMMEDIATE 6922
INFO RUEHLM/AMEMBASSY COLOMBO PRIORITY 8500
RUEHIL/AMEMBASSY ISLAMABAD PRIORITY 2229
RUEHKT/AMEMBASSY KATHMANDU PRIORITY 9736
RUEHNE/AMEMBASSY NEW DELHI PRIORITY 0703
RUEHCI/AMCONSUL KOLKATA PRIORITY 1347

UNCLAS SECTION 01 OF 02 DHAKA 000645

SENSITIVE
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S/CT FOR SETH BAILEY
IO FOR OIC SPECIAL ENVOY CUMBER

E.O. 12958: N/A
TAGS: [PGOV](#) [EAIR](#) [EIND](#) [ETRD](#) [SCUL](#) [BG](#)
SUBJECT: DESPITE SHORT TENURES, CARETAKER GOVERNMENT
ADVISERS HAVE AMBITIOUS AGENDAS

SUMMARY

¶1. (SBU) Two top officials of the Caretaker Government in separate meetings with the Ambassador on June 10 outlined ambitious agendas to improve the quality of education, promote industry and fix Bangladesh's moribund national air carrier. Although they emphatically stated they would be gone from government after Parliamentary elections in December, Commerce and Education Adviser Hossain Zillur Rahman and Special Assistant for Civil Aviation and Tourism Mahbub Jamil hardly sounded like lame ducks. They were pushing market-friendly development plans that represented a break from past government policies marred by red tape and corruption. The Ambassador pledged to do all he could to help.

EDUCATION: FROM ACCESS TO QUALITY

¶2. (SBU) Commerce and Education Adviser Hossain Zillur Rahman, who is responsible for schools above the primary level, told the Ambassador he was focusing on improving the quality of education because previous governments had made substantial progress in increasing access. Hossain said improving science and technology education were a priority; one pilot program, for example, focused on introducing science studies to madrassahs, which focus on religious studies. He said Bangladeshi students found technical training unattractive because courses were out of date and were not linked to market needs. To strengthen that link he was pursuing public-private partnerships with industries such as ship-building.

¶3. (SBU) Hossain said he had initiated transparent hiring and recruitment processes for faculty as part of the greater focus on education quality. He said a "new framework" for private universities could be in place soon that would strengthen academic supervision while discouraging investors from establishing schools that approached education solely as a money-making endeavor. He also said the government was opening the Islamic University of Technology to women students from across the Muslim world.

COMMERCE: FROM REGULATION TO PROMOTION

¶4. (SBU) The government was switching its focus from regulating business to promoting Bangladeshi business, including companies already exporting or with the potential

to develop markets abroad, Hossain continued. He listed plastics, pharmaceuticals, leather and bicycles as established industries worthy of government promotion. Cut diamonds, shoes and home textiles such as absorbent towels were less developed industries that he predicted could emerge as strong exporters. The success of these industries would largely depend on whether good public policies could be successfully integrated into what has been an initiative-driven business environment, he added.

CIVIL AVIATION: CUTTING OUT THE DROSS AND GRAFT

15. (SBU) Special Assistant for Civil Aviation and Tourism Mahbub Jamil told the Ambassador he would go to the U.S. in late June to sign a Definitive Agreement on the sale of Boeing 737-800 aircraft to Biman Bangladesh Airlines -- a sale that could reach a total value of \$320 million. Jamil, who also is Biman chairman, explained several measures he had taken to ensure that deal and another for the purchase of eight widebody aircraft directly from Boeing -- four 777-300ER and four 787-8 planes -- were free of graft. He gleefully recounted how an old acquaintance had approached him to broker a 777 deal, offering an older version of the aircraft at a price \$18 million per plane higher than the bid from Boeing. That offer from a rent-seeking middleman, he said, was illustrative of how previous purchases of Biman aircraft had been conducted.

16. (SBU) Jamil said Biman would divest itself of non-core businesses and would continue to trim its bloated staff. When

DHAKA 00000645 002 OF 002

Bangladesh won its independence from Pakistan in 1971, the 4,700 people working for Pakistan International Airlines in what had been East Pakistan were absorbed by the newly established national carrier, Biman. Jamil said that he already had trimmed Biman's bloated workforce by 1,800 people and would cut another 1,000 in the next two months, which would create a workforce in line with industry norms. Non-core businesses at Biman would be divested, Jamil said, including a 45-acre money-losing poultry farm located 10 kilometers from Dhaka's international airport. Another move to make Biman commercially competitive would be participating in one of the international code-sharing alliances, such as the Star Alliance anchored by United Airlines, he said.

TOURISM: WHERE ARE THE FOREIGN INVESTORS?

17. (SBU) Bangladesh needed foreign money to develop its tourism industry, but the country's image as a place of natural disasters and political unrest deterred many an investor, Jamil said. He expressed hope that expatriate Bangladeshis would be among those who invest in the country, noting that remitting profits abroad was hassle-free and fast. Jamil said the National Tourist Board would sell its hotels and restaurants in a bid to improve the industry. (Note: Although government-owned hotels often are among the best in Bangladesh's second-tier cities, their restaurants can be uninspired and the rooms can be heavily populated with mosquitoes in the winter and an assortment of bugs, including flying cockroaches the size of dollar coins, in the summer. End note.)

COMMENT: U.S. SUPPORTS ADVISERS ANTI-GRAFT, PRO-MARKET MOVES

18. (SBU) Post broadly supports the development initiatives launched by the two advisers, including their efforts to improve the quality of education, reduce graft and promote sustainable economic growth. Ambassador Moriarty has

consistently stated publicly, most recently to Bangladeshi journalists on June 14, that the crackdown on graft must continue beyond the brief tenure of the Caretaker Government. In addition to ongoing educational initiatives such as USAID support for the local Sesame Street program, Post has applied for an S/CT Ambassadors' Fund grant to help madrassahs adjust curricula to better prepare students for Bangladesh's labor market. Post also looks forward to working with S/CT's Strategic Empowerment Initiative for Public-Private Partnerships to leverage private capital to expand economic development and infrastructure, and to improve math, science and English-language education.

Moriarty